

RECORDATION NO. 20387 FILED 1425

NOV 27 1996 -11 10 AM

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OF COUNSEL
URBAN A. LESTER

November 27, 1996

RECORDATION NO. 21387-A FILED 1425

NOV 27 1996 -11 10 AM

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams.

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a), are two (2) copies each of a Railcar Lease (with Rider Number 1 attached), dated August 13, 1996, a primary document as defined in the Board's Rules for the Recordation of Documents and a Memorandum of Assignment of Lease Agreement, dated as of November 13, 1996, a secondary document related thereto.

The names and addresses of the parties to the enclosed documents are.

Railcar Lease

Lessor Mid-Am Equipment, Inc
45 West University
Mesa, Arizona 85201

Lessee: Pioneer Chlor Alkali Company, Inc
700 Louisiana Street
Houston, Texas 77002

Mr Vernon A Williams
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Memorandum of Assignment of Lease Agreement

Assignor Mid-Am Equipment, Inc
 45 West University
 Mesa, Arizona 85201

Assignee KeyCorp Leasing Ltd
 54 State Street
 Albany, New York 12207

A description of the railroad equipment covered by the enclosed documents is:

seven (7) rail tank cars bearing reporting mark and road numbers NECX
1600 through NECX 1606, inclusive

Also enclosed is a check in the amount of \$44.00 payable to the order of the
Surface Transportation Board covering the required recordation fee

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W Alvord


RWA/bg
Enclosures

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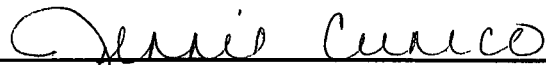
CERTIFICATION OF TRUE COPY OF LEASE AND RIDER

I hereby certify that the attached copy of Railcar Lease and Service Contract number 96-0813 and Rider Number 1 dated August 13, 1996 are true, complete and exact copies of the originals of such documents.

Mid-Am Equipment, Inc.


Robert J. Schroeder, President

Before me appeared Robert J. Schroeder, to me personally known and who stated that he is the President of Mid-Am Equipment, Inc. and that he signed the above with the authority of its Board of Directors.


Notary Public

My commission expires: 3/30/98

Jennie Cunico, Notary Public
Maricopa County, Arizona
My Commission Expires 3/30/98

August 13, 1996
RIDER NUMBER: 1
TO CONTRACT NUMBER: 96-0813

RIDER TO RAILCAR LEASE AND SERVICE CONTRACT

TERMS AND DELIVERY

The above identified Railcar Lease and Service Contract between Mid-Am Equipment, Inc. (hereinafter called Mid-Am), and the Lessee identified below (such contract, together with this and all other Rider(s) attached thereto, shall be hereinafter referred to as the "Agreement"), shall be subject to the terms and conditions hereof effective as of arrival dates at Lessee's designated railroad location.

RENTAL AND SERVICE CHARGES: The car(s) subject to the Agreement have monthly rental and service charges as follows:

NO. OF CARS	TYPE	CAR NOS.	CAR MONTHLY RENTAL CHARGES
7	APPROX. 16,500 GAL	NECX 1600	\$440.00 PER MONTH PER CAR
	111A100W1 EXTERIOR	NECX 1601	
	COILED & INSULATED	NECX 1602	
		NECX 1603	
		NECX 1604	
		NECX 1605	
		NECX 1606	

TERM: The initial term of this Agreement respecting each car(s) commences average date of availability at Nash, TX (hereinafter called Effective Date"), and shall continue in effect for 8 years.

Notwithstanding the expiration or termination of the Agreement, the obligations of the Lessee hereunder shall continue in effect with regard to each car(s) until returned to possession of Mid-Am.

AVERAGE DAILY RENTAL: The calculation of any rental period less than a full month will be computed on the following formula: The monthly rental X 12 divided by 365 = average daily rental.

ALTERATION OF MONTHLY RENTAL CHARGE: In the event that a car(s) travels more than an average of 30,000 miles in any calendar year, the Lessee shall pay Mid-Am \$.03 per mile for each mile over 30,000 traveled by such car(s).

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11-9-96

RIDER NUMBER: 1
TO CONTRACT NUMBER: 96-0813
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CLEANING: At termination of lease, Lessee shall return car with interior steam cleaned, free of all commodity or heel and suitable for the further loading of caustic soda.

MILEAGE CREDITS: Lessor shall collect and reimburse to Lessee, upon receipt from Railroads, the mileage credits earned. However, in no event shall such mileage credits exceed rental payments received by the Car Owner. The mileage credit rebate amount to be calculated on a fleet basis throughout the term of this lease. Lessor is agreeable to car(s) moving under a contract rate(s) paying no mileage credits or reduced mileage credits.

SERVICE: Lessee shall use the car(s) only for the loading of caustic soda or other such products as agreed to in writing by Lessor.

LINING: For the cars shown above, Lessor is responsible for the cost of the application of interior protective lining as referenced in Item #12 of our Railcar Lease And Service Contract #96-0813.

MID-AM EQUIPMENT, INC. "LESSOR"

Date: 9-26-96

By:

Robert J. Schroeder

Title: PRESIDENT

PIONEER CHLOR ALKALI COMPANY, INC. "LESSEE"

Date: 10/8/96

By:

Robert A. Evans

Title:

Robert A. Evans
Director, Transportation
& Logistics

Robert J. Schroeder
11-19-96

RAILCAR LEASE AND SERVICE CONTRACT
Contract # 96-0813

This agreement made this 13th day of August 1996 by and between Mid-Am Equipment, Inc., a Delaware Corporation with its principal office at 45 West University Drive, Suite A, Mesa, AZ 85201 (hereinafter "Lessor"), and Pioneer Chlor Alkali Company, Inc. with its principal office at 4200 NationsBank Center, 700 Louisiana Street, Houston, TX, 77002 (hereinafter "Lessee").

W I T N E S S E T H :

1. LEASE. Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, upon the terms and conditions set forth herein, the railway cars described in riders which may from time to time be added to this Agreement by agreement of Lessor and Lessee. (Such cars are referred to herein as the "Cars" or "Car".) This Agreement will be effective from the date hereof and will expire upon the expiration of the term of lease of the last Car leased hereunder, except that all obligations of Lessee which have not been satisfied in full by that time shall continue until so satisfied.

2. DELIVERY. Each of the Cars shall be delivered to the Lessee at the delivery point designated by Lessee. The obligation of Lessor to furnish the Cars shall be subject to all causes reasonably beyond the control of Lessor, including, but not limited to, delays caused by fire, labor difficulties, delays of carriers and materialmen, or governmental authority, and Lessor shall not be liable for any damages by reason of any such delay.

3. TERM. The "EFFECTIVE DATE" of each rider shall be the first day of the month following the date of delivery of the final Car on such rider, and shall continue in effect for a period as specified by such rider after the Effective Date, and month to month thereafter cancellable upon thirty (30) days written notice by either party. The expiration of this Agreement is defined to be the date of termination of the final rider hereunder. Notwithstanding the expiration or termination of this Agreement, the obligations of the Lessee hereunder shall continue in effect with regard to each Car until returned to possession of Lessor.

4. RETURN OF THE CARS. Upon the expiration or termination of this Agreement as to any of the Cars, Lessee agrees to return each of the Cars to Lessor at the point of delivery or at a point mutually agreed upon within the boundaries of the continental United States (excluding Alaska) in good working order, ordinary wear and tear excepted, free from all charges and liens which may result from any act or default of Lessee, clean and free from residue or as provided for in the applicable rider hereunder and complete with all parts, equipment, and accessories with which the Car was originally equipped or which had been added during the term of this Agreement, and to give Lessor thirty (30) days advance written notice of such

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return. Lessee shall, on demand, reimburse Lessor for the cost of cleaning any Cars not properly cleaned or containing residue unless otherwise specified in the applicable rider hereunder, as well as monthly rental and service charges incurred hereunder during the cleaning process not to exceed thirty (30) days. In the event that any or all of the Cars are not redelivered to Lessor on or before the date on which the term of this Agreement with respect to such Cars expires, all of the obligations of the Lessee under this Agreement with respect to such Cars shall remain in full force and effect until such Cars are redelivered to Lessor, provided, however, that the daily rental for each of such Cars during such period shall be the daily rate of the rental specified in the rider applicable to such Cars unless otherwise specified in the applicable rider hereunder and Lessee agrees to reimburse Lessor for any additional charges Lessor is required to pay for late return of the Cars hereunder.

5. RENTAL. The pro-rata rental for each Car shall be that specified in the rider with respect to such Car and shall commence on the date of arrival of the Car in the Switch District at Lessee's designated point of receipt, or in the case of a Car which is to be lined, coated or otherwise modified at Lessee's request, the facility where such work is to be done. Except as otherwise provided herein, Lessee shall pay the Lessor such rental from the date the Car is delivered to Lessee to the date the Car is returned to Lessor.

6. ABATEMENT OF RENTAL. When Cars are placed in a private car shop for maintenance and/or repair, the rental charges of each Car shall cease five (5) days after the date of arrival in shop and will be reinstated on the date such Car is forwarded from shop.

7. PAYMENT. Lessee agrees to pay said rental and service charges in U.S. funds to Lessor at its principal office or as specified in such applicable invoice, ON THE FIRST DAY OF THE CALENDAR MONTH IN ADVANCE, without deduction, except that the Lessee shall pay in advance on the delivery of each Car, respectively, for the period intervening the date of delivery and the first of the next succeeding calendar month, and shall pay only the pro-rata portion of such monthly charge attributable to any fractional month accruing at the termination of this lease. Any rental or other sum payable to Lessor under this Agreement and not paid when due shall, (whether or not Lessor shall then be entitled to exercise its rights under Item 30), thereafter bear interest at a rate per annum equal to the greater of (a) eighteen percent (18%) or (b) the prime rate in effect from time to time at the Bank of America Arizona, Phoenix, Arizona, but not in excess of the maximum rate as permitted by law. As permitted by law, it will be incumbent on Lessee to provide Lessor with the pertinent laws of its' state concerning interest if Lessee should incur interest charges under this Agreement considered to be in excess of the maximum interest permitted by law in its state.

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8. MILEAGE. Lessor shall collect all mileage earned by the Cars, and shall credit to the rental account of Lessee such mileage earned by the Cars while in the service of Lessee, as and when received, according and subject to all rules of the tariffs of the railroads, but only to the extent of the aggregate rental charges payable hereunder, unless arrangements to the contrary are made in the applicable rider hereunder. Lessee agrees not to enter into any agreement or arrangement with any party to affect the mileage earnings of any Car hereunder without the prior written consent of Lessor.

9. EMPTY MILEAGE. During the term of each applicable rider hereunder, Lessee agrees that it will use its best efforts to maintain the aggregate mileage under load for all Cars covered by the rider equal to or exceeding the aggregate mileage empty for such Cars. Following (i) the end of the calendar year during the term of each applicable rider and (ii) the termination or expiration of each applicable rider, the Lessor will determine for each calendar year or portion thereof just ended the aggregate loaded mileage and empty mileage of the Cars and advise Lessee of the same. In the event that the empty mileage of the Cars should exceed, in the aggregate, their loaded mileage for the calendar year or portion thereof covered by the determination mentioned in the immediately preceding sentence, Lessee shall promptly pay Lessor for such excess according to the rate established by the governing tariff. For the purposes of this paragraph, the railroad mileage and junction reports shall be prima facie evidence of the facts reported therein.

10. TAXES AND LIENS. Lessor agrees to pay all property taxes levied upon the Cars and to file all property tax reports relating thereto. Lessee agrees to report and pay, in addition to rent and service charges, all sales, use, leasing, operation, excise, and other taxes with respect to the Cars, together with any penalties, fines, or interest thereon, and all duties, taxes, investment tax credit reductions, and similar charges arising out of use of the Cars outside the United States. Lessee agrees not to encumber or dispose of this lease of any of the Cars or any part of a Car or permit any encumbrance or lien to be entered or levied upon any of the Cars.

11. CLEANING. Any cleaning of Cars that may be necessary to prepare them for shipment of commodities by or for Lessee or any cleaning required prior to repairs or modifications while in Lessee's service shall be done at Lessee's expense and responsibility unless otherwise agreed in writing, except such cleaning as required for periodic testing of tank or safety valve unless otherwise provided for in the applicable rider hereunder.

12. LINING. The application, maintenance, and removal of interior protective lining in Cars so equipped is to be at the expense of the Lessee, including, but not limited to freight charges to and from the lining shop.

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13. INSPECTION. Prior to the commencement of the term of lease of any Car, Lessor will, if requested by Lessee, arrange a joint inspection of the Car at a repair shop designated by Lessor. Unless prior to the first loading of the Car by Lessee a joint inspection report setting forth the nature and amount of any then existing damage is signed by both parties, it shall be conclusively presumed that the Car was free of corrosion or other commodity-related damage at the time of commencement of the term of lease of such Car. The loading of any Car hereunder shall constitute acceptance thereof by Lessee, and shall be conclusive evidence (i) of the fit and suitable condition of such Car for the purpose of transporting the commodities then and thereafter loaded therein, and (ii) that it is one of the Cars described in the Agreement. In any event, however, monthly rental and service charges shall be paid from the date of delivery at the point of delivery described in the Agreement.

14. ALTERATION AND LETTERING. Lessee will not in any way alter the physical structure of the Cars without the advance approval in writing of the Lessor. Lessee shall place no lettering or marking of any kind upon the Cars without Lessor's prior written consent, except that, for the purpose of evidencing the operations of the Cars in Lessee's service hereunder, Lessee will be permitted to board and placard or stencil the Cars with letters not to exceed two inches (2") in height.

15. IMPROVEMENTS. All additions and improvements to any Car made at Lessee's request, including, but not limited to, parts, accessories, linings, coatings and modifications, shall be considered accessions to such Car, and title thereto shall immediately vest in Lessor without cost or expense to Lessor. If requested by Lessor, Lessee shall, at Lessee's expense, remove any such additions or improvements prior to the release of any Car.

16. MANDATED MODIFICATIONS. In the event the U.S. Department of Transportation, or any other governmental agency or non-governmental organization having jurisdiction over the operation, safety or use of railroad equipment, requires that owner add, modify or in any manner adjust the Cars subject to this Agreement in order to qualify them for operation in railroad interchange, Lessee agrees to pay an additional monthly charge of \$1.75 per Car for each \$100.00 expended by owner on such Car, or such other monthly charge in lieu thereof, as may be provided for modifications in the rider hereto, in any case effective as of the date the Car is released from the shop after application of such additions, modification or adjustments (hereinafter "modifications"). No rental credits will be issued on Cars entering the shop for any modifications for the first thirty (30) days.

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In the event owner in its sole discretion determines prior to making any modifications that the cost thereof is not economical to expend in view of the estimated remaining useful life of such Car, and owner elects to permanently remove such Car from Lessee's service rather than have such Car taken to a car shop for such modifications, the rental with respect to such Car shall terminate upon the date specified in writing by owner provided that such date must be prior to the date the modification is so required to be made.

17. AREA OF USE. Lessee agrees to the best of its ability, to use the Cars exclusively in Lessee's own service within the boundaries of the continental United States and Canada and to make no transfer, or assignment, of this Agreement. In the event any Car is used outside of the area specified and/or in Mexico, Lessee agrees to bear full responsibility for, to defend, and to reimburse Lessor for any loss, damage, and/or cost and expenses suffered by Lessor, or claim against Lessor and for all cost and expenses, including legal costs and attorney fees arising in any way from any such Car's use.

18. USAGE LIMITATIONS. Lessee will not use the Cars in a "unit train" without the advance approval in writing of the Lessor. Lessee agrees not to load any of the Cars in excess of the load limit stenciled thereon. Lessee shall not, without the prior written consent of Lessor, use any Car or permit such Car to be used in such a manner that in any calendar year or period of service it accumulates miles (loaded and empty) in excess of 30,000 multiplied by the days in service divided by 365, or as otherwise provided in the applicable rider. If the mileage is exceeded, Lessee shall pay Lessor a mileage charge in the amount of \$0.03, or as otherwise provided for in the applicable rider, for each mile such Car moves in excess of such limitation.

19. USAGE UNDER AAR CIRCULAR OT-5. Whenever approval of the originating line haul carrier(s) is required, on equipment other than tank cars, in order that Cars may be placed in service pursuant to AAR Circular OT-5 and any revisions or successors thereto, Lessor shall, upon written request of Lessee, use reasonable efforts to aid Lessee in obtaining such approval. In no event shall Lessor be liable if any such approval is not obtained for any reason or is withdrawn or modified, and this Agreement shall continue in full force and effect notwithstanding such withdrawal or modification or the failure to obtain such approval.

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20. RAILROAD CHARGES. Lessee agrees to use the Cars, upon each railroad over which the Cars shall move, in accordance with the then prevailing tariffs to which each such railroad shall be a party, and, if the operation or movements of any of the Cars during the term hereof shall result in any charges being made against Lessor by any such railroad, Lessee shall pay Lessor for such charges within the period prescribed by and at rates and under the conditions established by said then prevailing tariffs. Lessee agrees to indemnify Lessor against same and shall be liable for any switching, demurrage, track storage, or detention charge imposed on any of the Cars during the term hereof.

21. MISUSE OF CARS. If any repairs are required as a result of the misuse or by negligence of Lessee, its consignee, agent, or while on a railroad that does not subscribe to, or fails to meet its responsibility under, the Interchange Rules of the Association of American Railroads ("AAR"), or while on any private siding or track or any private or industrial railroad, the rental charge shall continue during the repair period, and Lessee agrees to pay Lessor for the cost of such repairs. Lessee agrees that if by reason of such misuse or negligence or while on a railroad that does not subscribe to, or fails to meet its responsibility under, the Interchange Rules of the AAR, or while on any private siding or track or any private or industrial railroad, any Car is completely destroyed or, in the opinion of the Lessor, such Car's physical condition is such that it cannot be operated in railroad service, Lessee will pay Lessor the AAR depreciated value and/or settlement value as determined by the AAR Rules of Interchange in effect at that time as recovered from party responsible for damage or destruction unless otherwise provided for in the applicable rider hereunder.

22. SUBSTITUTION OF CARS. If any Cars shall be completely destroyed, or if physical condition of any Car shall become such that such Car cannot be operated in railroad service as determined by the parties, then the Lessor may, at its option, cancel this lease as to such Car as of the date on which such event occurred, or may substitute another Car of approximately the same type and capacity within a reasonable period of time, and, in the event of such substitution, the substituted Car shall be held pursuant to all terms and conditions of this Agreement and the rider hereto governing the Car which is unavailable for service. Should any of the Cars become unavailable for use pursuant to this Agreement for any other reason, Lessor shall have the right to substitute another Car of approximately the same type and capacity within a reasonable period of time, and, in the event of such substitution, the substituted Car shall be held by Lessee pursuant to all the terms and conditions of this Agreement and the rider hereto governing the Car which is unavailable for service.

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23. DAMAGE TO OR BY COMMODITIES. Lessor shall not be liable for any loss of or damage to any commodities or any part hereof loaded or shipped in the Cars, regardless of how such loss or damage may be caused. Lessee shall indemnify Lessor against and hold Lessor harmless from all claims, liabilities, losses, damages, costs and expenses (including attorney fees and litigation expenses) arising out of or resulting from the loss of or damage to any such commodity or the loading, unloading, spillage, leakage, emission or discharge of commodity in or from the Car, including without limitation any liability or injury, death, property damage or environmental pollution. LESSEE HEREBY EXPRESSLY AGREES THAT LESSOR SHALL NOT BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND WHATSOEVER, INCURRED BY LESSEE OR ANY OTHER PERSON OR ENTITY, RESULTING DIRECTLY OR INDIRECTLY FROM THIS AGREEMENT.

24. SUBLEASE, ASSIGNMENT OR TRANSFER. Lessee shall not transfer or assign any of its interests or obligations hereunder, whether by operation of law or otherwise, without the prior written consent of Lessor, except that Lessee may loan or sublet Cars to (i) its affiliated companies, or (ii) its consignees or suppliers in connection with the handling of commodities sold, bought or supplied for the account of Lessee and transported therein. No sublease, assignment or transfer of any Car or any interest in this Agreement shall relieve Lessee of any of its obligations hereunder.

25. REGULATIONS. Lessee agrees to comply with all governmental laws, rules, regulations and requirements, and with the Interchange Rules of the AAR with respect to the use of and operation of each of the Cars during the term of this Agreement.

26. MAINTENANCE. Lessor agrees to maintain each of the Cars in good condition and repair according to the Interchange Rules of the AAR, and Lessee agrees to forward the Cars to the shops of Lessor for periodic maintenance repairs as may be directed by Lessor. No repairs to any of the Cars shall be made by Lessee without Lessor's prior written consent, except that Lessee shall, at its own expense, replace any removable tank parts (dome cover, outlet caps, etc.) if lost or broken and Lessee agrees that it will assume responsibility for the maintenance, replacement and testing of safety valves, angle valves, check valves, thermometers and gauging devices, except for ordinary wear and tear in fair service and required periodic inspections. Any repairs covered by railroad defect card will not be charged to Lessee. Replacement or repair by Lessee of any parts, equipment, and/or accessories on any of the Cars shall be with parts, equipment, and accessories that are of like kind and of at least equal quality to those being replaced or repaired unless otherwise agreed in writing by Lessor.

27. DAMAGE TO CARS: LOOSE, LOST OR DAMAGED PARTS. Lessee shall be liable for all damage to any Car which (i) is caused by the negligence or misconduct of Lessee or its agents or customers or (ii) occurs while such Car is located on the premises of Lessee, its agents or customers, regardless of the cause thereof, unless a subscribing railroad to the Interchange Rules of the AAR will assume the responsibility therefor. If any Car part, including but not limited to, outlet caps, valves, manway coverings and fittings, is found loose, damaged, lost or removed without consent from Lessor, Lessee shall be liable therefor, regardless of the cause thereof, unless (i) full responsibility therefor has been assumed by one or more railroads or (ii) such loss or damage occurs while the Car is located at a repair facility of Lessor and is the result of the negligence or misconduct of Lessor or its agents. In the event any Car, or the tank, fittings or appurtenances thereto, including interior lining for Cars so equipped shall become damaged or suffers corrosion or other damage related to or connected with the commodity or other material placed or allowed to accumulate in or on the Car, or to which the Car is exposed, Lessee shall be liable for such damage, regardless of how caused and whether or not due to Lessee's negligence. Such damage shall not be considered "ordinary wear and tear". Lessee shall notify Lessor of the loss or destruction of any of the cars within two (2) days of the date of such event. The amount of loss resulting from the loss or destruction of a car shall be equal to its depreciated value under the Interchange Rules as determined immediately prior to the time of such loss or destruction.

28. INDEMNITY. Lessee will indemnify Lessor against and hold Lessor harmless from any loss, damage, claim, expenses (including attorney fees and litigation expenses), or injury imposed on, incurred by, or asserted against Lessor arising, directly or indirectly, out of Lessee's use, lease, possession, or operation of the Cars occurring during the term of this lease, or by the contents of such Cars, howsoever occurring, except any loss, liability, claim, damage, or expense which is directly attributable to the fault or neglect of the Lessor, or for which a railroad or railroads have assumed full responsibility. All indemnities contained in this Agreement shall survive the termination hereof, however same shall occur.

29. DEFAULT. It is mutually agreed that the time of payment of rental and service charges is of the essence of this Agreement and that if the Lessee shall make default in the payment of rental and service charges on any of the Cars at the time when same become due and payable or shall make default in the performance or observance of any of the other agreements herein contained and by Lessee to be performed or observed, and such default shall continue for ten (10) days after Lessee has been given notice of default (that is Lessee shall have ten (10) days from date of receiving notice to correct default) or there shall be filed by or against Lessee a petition in bankruptcy or for reorganization under the Bankruptcy law or there

Robert J. Schrod
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shall be a receiver appointed of any part of Lessee's property or Lessee shall make a general assignment for the benefit of creditors, then and in any of said events, Lessor may, at its election, upon notice to Lessee of termination, terminate the Agreement set forth herein and repossess itself of any or all of said Cars, and this Agreement shall thereupon become and be terminated. In the alternative, Lessor may, without notice, repossess itself of said Cars and re-let the same or any part thereof to others for such rent and upon such terms as it may see fit, and if a sufficient sum shall not be thus realized after repaying all expense of re-taking and re-letting said Cars (including attorney fees and litigation or rental collection expenses) to satisfy the rental and service charges herein reserved, the Lessee agrees to satisfy and pay the deficiency accrued from time to time upon demand. The obligation to pay such deficiency as well as the obligation for any and all other payments by Lessee to any other party called for by this Agreement shall survive any termination of this Agreement or the lease contained herein for whatever reason and/or re-taking of the Cars. Lessee shall, without expense to Lessor or any other party, assist it in repossessing itself of said Cars and shall, for a reasonable time if required, furnish suitable truckage space for the storage of said Cars. The right and remedies herein given to Lessor shall in no way limit its rights and remedies given or provided by law or in equity.

30. SUBORDINATION. All rights of Lessor hereunder may be assigned, pledged, mortgaged, transferred, or otherwise disposed of, either in whole or in part, and/or Lessor may assign, pledge, mortgage, transfer, or otherwise dispose of title to the Cars without notice to Lessee. In the event of any such assignment, pledge, mortgage, transfer, or other disposition, this Agreement and all of the Lessee's rights hereunder and all rights of any person, firm or corporation who claims or who may hereafter claim any rights under this Agreement under or through Lessee are hereby made subject and subordinate to the terms, covenants, and conditions of any chattel mortgages, security agreements, conditional sale agreements, and/or equipment trust agreements covering the Cars or any of them heretofor or hereafter created and entered into by Lessor, its successor or assigns, and to all of the rights of any such chattel mortgages, assignee, trustee, secured party, or other holder of the legal title to the Cars, however, so long as Lessee is not in default under this Agreement, such assignment, pledge, mortgage, transfer, or other disposition shall not increase Lessee's obligations hereunder or result in deprivation of its quiet enjoyment of the Cars. At the request of Lessor or any chattel mortgagee, assignee, trustee, secured party, or other holder of the legal title to the Cars, the Cars may be lettered or marked to identify the legal owner of the Cars at no expense to the Lessee. If, during the continuance of this Agreement, any such marking shall at anytime be removed or become illegible, wholly or in part, Lessee shall immediately cause such marking to be restored or replaced at Lessor's expense.

-9- *Robert J. Schwed*
11-19-96

31. WARRANTIES. Nothing herein contained shall give or convey to Lessee any right, title or property interest in and to the Cars, or any of them, except as Lessee. LESSOR, NOT BEING THE MANUFACTURER OF THE CARS NOR THE MANUFACTURER'S AGENT, MAKES NO EXPRESS OR IMPLIED WARRANTY OF ANY KIND WHATSOEVER WITH RESPECT TO THE EQUIPMENT, INCLUDING BUT NOT LIMITED TO: THE MERCHANTABILITY OF THE EQUIPMENT OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE DESIGN OR CONDITION OF THE EQUIPMENT, THE QUALITY OR CAPACITY OF THE EQUIPMENT; COMPLIANCE OF THE EQUIPMENT WITH THE REQUIREMENTS OF ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO; PATENT INFRINGEMENT; OR LATENT DEFECTS. Lessee will be subrogated to Lessor's claims, if any, against the manufacturer or supplier of the Cars for breach of any warranty or representation and, upon written request from Lessee, Lessor shall take all reasonable action requested by Lessee to enforce any such warranty, express or implied, issued on or applicable to any of the Cars, which is enforceable by Lessor in its own name, provided, however that (i) Lessee is not in default under this Agreement and (ii) Lessor shall not be obligated to resort to litigation to enforce any such warranty unless Lessee shall pay all expenses in connection therewith. Notwithstanding the foregoing, Lessee's obligations to pay the rentals or otherwise under this Agreement shall be and are absolute and unconditional. All proceeds of any such warranty recovery from the manufacturer or supplier of the Cars shall first be used to repair the affected Cars.

32. RELIANCE ON LEASE. Lessor, in consideration of the Lessee's oral representations and agreement to observe, and be bound by, each and all of the terms and conditions of this Agreement as set forth herein, and the immediate need of Cars by Lessee, may have shipped one or more of the Cars to Lessee prior to the formal execution of this Agreement. If this has occurred, this Agreement, whether or not executed, shall be the "Standard Lease and Service Agreement" between the parties for such Cars and, upon Lessee's oral agreement to abide by the Standard Lease and Service Agreement, shall supersede all prior negotiations and correspondence, and shall relate back to the time of first shipment of any Car hereunder.

33. NOTICE. All notices provided for herein, as well as all correspondence pertaining to this Agreement, shall be considered as properly given if: (i) given in writing and delivered personally or sent by registered, certified or regular mail, (ii) by Telex or cable or (iii) by Telecopy or (iv) by fax, and confirmed thereafter in writing sent by registered, certified or regular mail. The respective addresses for notice shall be the addresses of the parties given at the outset hereof. Such address may be changed by either party giving written notice thereof to the other party.

34. GOVERNING LAW. This Agreement shall be governed and construed by the laws of the State of Arizona.

Robert J. Schmitt

11-19-96

35. INSURANCE. Lessee shall at all times prior to the return of the Cars to Lessor in accordance with the terms of this Agreement and during any storage period, at its own expense, cause to be carried and maintained public liability and property damage insurance in respect of the cars against the risks and in the amounts, if any, customarily insured against by Lessee in respect to similar equipment owned or leased by it.

36. BENEFIT. Subject always to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Lessor, its successors and assigns, and the Lessee, its successors and assigns.

37. ENTIRE AGREEMENT. This instrument, constitutes the entire agreement between Lessee and Lessor and it shall not be amended, altered, or changed except by written agreement signed by the parties hereto.

38. SEVERABILITY. If any of the provisions of this Agreement shall contravene, or be invalid under, the laws of the State of Arizona such contravention or invalidity shall not invalidate this entire Agreement, but this Agreement shall be construed as if not containing the particular provisions held to be invalid, and the rights and obligations of the parties shall be construed and enforced accordingly.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed and delivered the day and year first above written.

John W. Goodwin
ATTEST

BY Robert J. Schmeda
"LESSOR"
PRESIDENT

Alexandra R. [Signature]
ATTEST

BY Robert A. Evans
"LESSEE"
Robert A. Evans
Director, Transportation & Logistics
TITLE

Robert J. Schmeda

11-19-96